

ASD file

2 December 1965

NOTE FOR THE DCI

SUBJECT: US Grain Supplies to India

1. The FY 65 PL-480 agreement with India expired last June. Deliveries during the fiscal year amounted to some 6 million metric tons of wheat valued at about \$400 million. Since 1 July, new commitments have been made on a month-to-month basis at about the same level--500,000 metric tons per month.

2. In view of the extremely poor fall harvest and the probability that India will suffer severe food shortages next year, New Delhi is greatly interested in signing a new long-term PL-480 agreement as soon as possible. The US has not been prepared to enter into such an agreement until the Indians agree to a more effective effort at boosting their own agricultural production. The Indians now seem willing to implement many of the agricultural reforms the US has been urging upon them for years.

3. The Indians now assess foodgrain production for the agricultural year ending next June at 76 million tons, and believe that they must import 12 million tons--the maximum input possible through congested Indian ports--in order to avert widespread starvation. New Delhi hopes that 11 million tons--nearly double last year's commitment--will be available under PL-480.

4. Secretary of Agriculture Freeman recently discussed the Indian food problem with Indian Agriculture Minister Subramaniam in Rome, and is now conferring with President Johnson. Thus far the US has not agreed to a new long-term PL-480 agreement.

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for R. J. SMITH
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